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Key Points

- ◆ China is poised to increase economic and diplomatic cooperation with Iran as a result of sanctions relief under the recent Iran nuclear deal, though a close geopolitical alignment between the two states is unlikely.
- ◆ Sino-Iranian relations will remain limited by several enduring constraints, including China's desire for positive ties with other states, its pursuit of energy diversification, and its need for regional stability.
- ◆ Renewed Chinese arms sales to Iran could constitute an emerging challenge for the United States. This could increase Iran's antiaccess/area-denial threat to U.S. military forces and create proliferation risks.
- ◆ U.S. officials should press Chinese interlocutors to avoid exporting advanced weapons, which could embolden Iran to conduct a more brazen foreign policy that would threaten China's fundamental need for regional stability.

Posing Problems Without an Alliance: China-Iran Relations after the Nuclear Deal

by Joel Wuthnow

The signing of a Joint Comprehensive Plan of Action (JCPOA) in July 2015 to address international concerns about Iran's nuclear program has led to bullish predictions about the future of Sino-Iranian relations. Under the deal, Iran is expected to limit its uranium enrichment and make other changes to its nuclear program in exchange for the removal of international sanctions.¹ China is expected to be a prime beneficiary of the deal as Chinese firms take advantage of greater access to the Iranian market, especially in the energy sector. Some U.S. analysts also contend that the two countries could forge deeper strategic relations as well, involving coordination designed to weaken U.S. influence—or what both states see as U.S. “hegemonism”—in the region.²

Although the JCPOA will facilitate closer relations between Beijing and Tehran in some areas, relations between the two will remain constrained by several obstacles. These include China's need to balance its relations with Iran against those with the United States and others in the region that are on poor terms with Iran, such as Saudi Arabia, Israel, and Turkey; its hedging of geopolitical risk by avoiding overreliance on Iran as an energy partner; and its basic desire for a stable and peaceful Middle East, which militates against support for a more assertive Iranian foreign policy. Thus, despite the prospects of greater China-Iran economic and diplomatic cooperation, the two will likely make only limited progress in developing more comprehensive strategic relations.

Yet even a modest expansion of Sino-Iranian ties could have significant consequences for the United States. This is most notable in the military arena, where China and Iran may seek to revive their once-close cooperation. Chinese sales of advanced weapons could improve Iran's ability to threaten U.S. military forces in the Middle East and pose proliferation risks. Washington should address these challenges by enforcing the remaining sanctions on Iran and urging

Beijing to limit the scope of its military cooperation with Tehran.

A Limited Partnership

In recent years, China has developed what many observers describe as a limited partnership with Iran.³ This has included robust ties in some areas despite growing international concern over Tehran's nuclear program. Iran remains a major source of China's oil supply, accounting for about 9 percent of Chinese crude oil imports in 2014, despite international sanctions against Tehran.⁴ Chinese firms have also invested in Iran's oil and natural gas sectors and have sold gasoline back to Iran, which lacks sufficient refinery capacity of its own. Iran has also been a market for Chinese manufactured goods, such as consumer electronics, toys, and apparel. Total trade between the two countries rose from about \$29.4 billion to \$51.9 billion between 2010 and 2014.⁵ Political relations have included high-level visits, such as recent interactions between the respective heads of state, Xi Jinping and Hassan Rouhani.⁶ Bilateral military relations have picked up in the last few years, symbolized by high-level military exchanges and port visits.⁷

However, Sino-Iranian relations have faced limitations as well. Despite its continuing oil imports from Iran, China has hedged against overreliance by expanding partnerships with other suppliers within and beyond the Middle East. Bilateral economic relations have faced strains, including energy investment deals that have been canceled or delayed.⁸ China's advocacy for Iran on the international stage has been limited, as evidenced by its approval of several rounds of sanctions on Tehran in the 2000s.⁹ Despite some high-level meetings, Chinese leaders avoided traveling to Iran between 2002 and early 2016, when Xi Jinping made his inaugural visit to Tehran. Beijing ended its support for Iran's nuclear program in 1997 and has largely refrained from major military sales to Iran over the last decade.¹⁰ In some respects, China has been more of a "fair-weather" friend to Iran, in contrast to its stronger "all-weather" partnerships with states such as Pakistan or North Korea.¹¹

A key issue is whether, and how, the nuclear deal may affect China's policies toward Iran. In the absence of nuclear-related sanctions, and with a possible diminution of Iran's status as a pariah state, how might Beijing expand its economic, diplomatic, and military relations with Tehran? Are the two states poised to develop a more consistent and strategically significant partnership? And what will be the implications for the United States? The answers require an understanding not only of the opportunities that sanctions relief may provide to China, but also of the enduring constraints on the relations between Beijing and Tehran.

Sanctions Relief and Growing China-Iran Cooperation

The JCPOA will have both direct and indirect effects on China-Iran relations. Most directly, the lifting of United Nations (UN) and U.S. nuclear-related sanctions will increase opportunities for Chinese firms to invest in and trade with Iran.¹² This is of greatest relevance to the energy sector, where Chinese national oil companies (NOCs) previously slowed their advancement into the Iranian market in order to avoid U.S. secondary sanctions.¹³ In anticipation of sanctions relief, Chinese NOCs such as Sinopec and China National Petroleum Corporation (CNPC) are expected to increase production in Iran, contributing to a rise in oil output.¹⁴ CNPC may also return to the development of the offshore South Pars gas field, from which it withdrew in mid-2012.¹⁵ Nevertheless, as Eurasia Group analyst Erica Downs notes, the decline in global crude oil prices could mean that Chinese NOCs will be increasingly selective in making upstream investments abroad.¹⁶ In addition, Chinese firms may attempt to compete in other sectors, seeking to capture a share of the \$100 billion in Iranian assets that will be unlocked as part of the nuclear deal.¹⁷ Overall, the two states have set the ambitious goal of increasing bilateral trade tenfold, to \$600 billion, by 2026.¹⁸

China may also expand its infrastructure development assistance to Iran. This could involve increased financing through the China-led Asian Infrastructure

Investment Bank (AIIB), of which Iran is a founding member. Of note, as part of its massive Eurasian development initiative known as “One Belt, One Road,” China has proposed a high-speed railway linking western China with Iran via Central Asia.¹⁹ A Chinese firm is also reportedly slated to build a \$2 billion natural gas pipeline linking Iran to Pakistan.²⁰ In addition, China and Iran have reached a \$10 billion deal to construct two nuclear plants in southeast Iran and will cooperate in the redesign and modernization of Iran’s heavy water reactor at Arak.²¹

In addition, Chinese arms traders could take advantage of an end to the UN arms embargo that was imposed on Iran in 2010. China would not be alone in seizing opportunities in this sector. For instance, Russia has promised to move ahead with sales of advanced S-300 surface-to-air missiles, which also provide some defense against ballistic and cruise missiles.²² As part of the nuclear deal, sales of some types of major conventional weapons would require a waiver from the UN Security Council (UNSC), where China sits as a permanent member. Yet even these restrictions would expire after eight years, assuming Iran’s compliance with the agreement. Importantly, this could create opportunities for China to resume sales of advanced systems such as fast attack patrol craft and anti-ship missiles, both of which China supplied to Iran prior to the imposition of UN sanctions.²³ The implications of closer China-Iran military cooperation for the United States are discussed below.

Sanctions relief will also have an indirect effect on China-Iran cooperation by diminishing the latter’s status as a pariah state. Tehran’s violations of International Atomic Energy Agency inspection requirements placed it alongside North Korea, Sudan, Myanmar, and Zimbabwe as states operating outside the boundaries of international rules and norms. China often limited its interactions with these regimes in order to burnish its reputation as what former U.S. Deputy Secretary of State Robert Zoellick called a “responsible stakeholder.”²⁴ Beijing also sought to counter U.S. and European perceptions that its involvement with these states was enabling their reckless behavior.²⁵ Regarding Iran, China agreed

to support a referral of the nuclear case to the UNSC and later voted in favor of sanctions.²⁶ China also lowered its reliance on Iran as an energy partner, with the latter dropping from China’s third-largest to sixth-largest oil supplier after UN sanctions were adopted.

Without the imposition of UN sanctions, China faces less stigma in developing its economic and political relations with Iran. This is exemplified by Xi Jinping’s state visit to Iran in January 2016, which occurred less than two weeks after the formal implementation date for the JCPOA. Previously, Chinese presidents had avoided travelling to Iran, likely due to the desire to avoid the perception of overly close relations with Tehran. Xi’s visit, which included meetings with Rouhani and supreme leader Ali Khamenei, reversed this trend and opened a new chapter of high-level exchanges between the two states. The visit also resulted in the establishment of a China-Iran “comprehensive strategic partnership” (*quanmian zhanlue huoban guanxi*, 全面战略伙伴关系).²⁷ This is a diplomatic label that China uses to underscore its priority relationships, placing Iran in the same category as other Middle Eastern states, such as Saudi Arabia and Egypt, as well as others beyond the region, including France, Australia, and Spain.²⁸

During his visit, Xi and his counterparts sketched the outlines of expanded China-Iran exchanges in several fields. These included the following:

- ◆ Enhanced economic relations. Xi highlighted the growing prospects for cooperation in energy, infrastructure development, and finance, which would be pursued under the framework of China’s “One Belt/One Road” initiative. The two states also pledged to explore stronger cooperation within the AIIB.

- ◆ Enhanced political relations. An annual foreign minister’s meeting between the two countries was established in order to deepen “mutual strategic trust.” China also voiced its support for Iran’s bid for full membership in the Shanghai Cooperation Organization, which focuses on improving collective security in Central Asia.

◆ Enhanced cultural relations. Greater tourism between the two countries was encouraged, symbolized by Iran's opening of three new tourism offices in China.²⁹

To be sure, several qualifications to expanded Sino-Iranian cooperation under the nuclear deal are worth mentioning. First, sanctions could “snap back” if Iran is found to be in violation of the agreement. China and Russia do *not* have the ability to veto a re-imposition of sanctions.³⁰ This creates a potential risk for any company, Chinese or otherwise, seeking to expand its presence in Iran. Second, U.S. domestic sanctions on Iran based on terrorism and human rights grounds will remain in place, in addition to new U.S. sanctions levied on Iran's ballistic missile program.³¹ Chinese firms could still face punitive action in the United States if they run afoul of those measures. Third, Iranian noncompliance with the nuclear deal would also complicate progress in China-Iran political relations by requiring Beijing to enforce penalties on an erstwhile strategic partner.³² Nevertheless, if Iran does abide by the agreement in the coming years, then relations between the two states will likely continue to develop in the economic, political, and cultural domains.

Persistent Constraints

Despite opportunities for greater Sino-Iranian cooperation stemming from the nuclear deal, ties between China and Iran are likely to remain limited. The reason is that the JCPOA will not fundamentally remove several enduring constraints on closer relations between the two states. In particular, four key constraints are likely to remain.

First are challenges to doing business in Iran. Chinese firms (like those from other nations) have faced difficulties operating in Iran due to corruption, bureaucratic inefficiency, a beleaguered financial sector, and other endemic issues.³³ These challenges are expected to pose problems for foreign firms even after Iran's economy opens up, though Chinese companies may be somewhat less constrained than U.S. firms, which are inhibited under the Foreign Corrupt Practices Act.³⁴

Another problem centers on the worries by some in Iran over the influx of cheap, “low-quality” Chinese goods, which have a negative impact on Iran's manufacturing sector and have occasionally led to calls to ban certain types of Chinese imports.³⁵ These concerns may even grow as Iran becomes more open to foreign competition. For instance, the Iranian Republican Guard Corps (IRGC), which controls large segments of Iran's economy, has voiced concern about the impact of economic opening on its interests and may oppose greater Chinese involvement in some areas.³⁶ In addition, Chinese businesses will face competition from other foreign firms, including European companies that have been out of the Iranian market only since European Union sanctions were imposed in 2012. Russian, Indian, Japanese, and other companies will also be players.³⁷

Second is China's pursuit of a diversified energy security strategy. Due to limited domestic oil and gas production, China has had to increase reliance on foreign energy supplies over the past 20 years. Yet because of the need to reduce economic and geopolitical risk, China has adopted an energy security strategy that prioritizes diversification of supplies. In the oil sector, China imports crude oil from a range of Middle Eastern, African, Latin American, and Central Asian partners. As a component of China's oil imports, Iran has hovered in the 9–11 percent range in recent years, behind other states such as Saudi Arabia, Angola, and Oman.³⁸ China has also sought to address the more general risks associated with transporting oil across maritime chokepoints such as the Strait of Malacca by working to construct oil pipelines with Russia and Kazakhstan.³⁹ This has limited Iran's emergence as a more important energy partner for China. The figure shows China's crude oil suppliers by share in 2014.

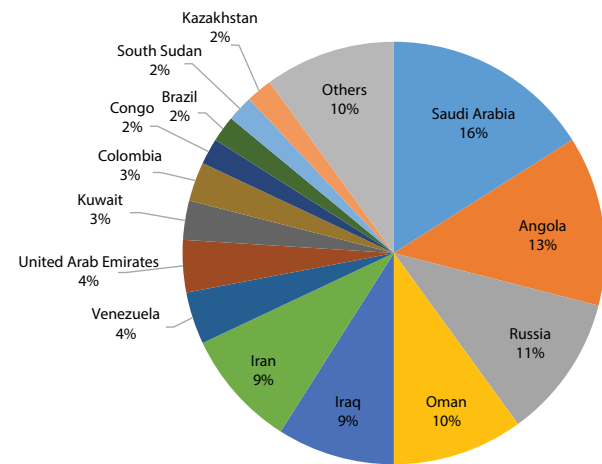
The nuclear deal will not alter China's pursuit of a diversified energy security strategy. Even if its share of crude oil imports from Iran rises modestly, China will still continue to hedge against geopolitical risk and supply uncertainty by seeking energy supplies from across and beyond the Middle East.⁴⁰ This will include a continued

emphasis on pipeline construction as a way to reduce reliance on vulnerable maritime oil shipments, with overland supplies projected to rise to about 10 percent of China's oil imports by 2030. Additionally, China will also increasingly pursue nonconventional energy sources, such as shale oil and oil and natural gas reserves in the Arctic, and will place greater reliance on renewable energy.⁴¹ None of this presages a drastic increase in Chinese dependency on Iranian fossil fuels.

Third is China's need to maintain positive diplomatic relations with other states. In his seminal book on Sino-Iranian relations, John Garver documents how China has attempted to balance relations with Iran with its larger goal of improving relations with the United States. Notably, this latter imperative resulted in China's decision to end its involvement with Iran's nuclear program.⁴² The reason is that the United States has simply been a more important economic and diplomatic partner for China than Iran. To put things in perspective, China-U.S. trade in 2014 was over ten times the value of China's trade with Iran, as was the value of Chinese investments in the U.S. economy compared to those in Iran.⁴³ China has also forged an important global partnership with the United States on issues ranging from counterterrorism to climate change. The nuclear deal will not reduce Washington's importance to Beijing, meaning that the latter will have to consider how its evolving ties with Iran could affect its relations with the United States.

Of equal or greater importance is China's need to maintain positive relations with other major regional states, many of which are on poor terms with Iran.⁴⁴ These include Arab Gulf states (especially major oil suppliers such as Saudi Arabia, Oman, and the United Arab Emirates), Israel, and Turkey.⁴⁵ For instance, Beijing has stronger trade and investment ties with Riyadh than it does with Tehran, and it imports nearly twice as much oil from Saudi Arabia as it does from Iran.⁴⁶ China also maintains formal strategic partnerships with Saudi Arabia, Israel, Turkey, Egypt, and others in the region.⁴⁷ China has tried to balance its regional commitments by keeping a relatively low diplomatic profile

Figure. China's Crude Oil Suppliers, 2014



Source: U.S. Energy Information Administration

and avoiding taking strong positions on issues such as the Israeli-Palestinian conflict and the Syrian civil war.⁴⁸ It is doubtful that Beijing would significantly expand its relations with Iran without first considering the implications for its other partnerships.

Fourth is China's enduring need for stability in the Middle East. Despite efforts to diversify its energy imports, China is still fairly reliant on the Middle East, which accounted for 52 percent of China's foreign crude oil purchases in 2014. Combined with concerns about fuel prices, reliance on the Middle East creates a strong incentive for China to oppose the actions of any states that would threaten regional stability. Moreover, even if China were less reliant on Middle Eastern oil, it would still be subject to price shocks that could occur as a result of military conflict. Thus, Chinese analysts have frequently raised concerns over Iranian threats to close the Strait of Hormuz in a crisis and have also worried about the ramifications of Iran's development of a nuclear weapon, which could spark Israeli or U.S. military action and/or a regional arms race.⁴⁹ Some in China also worry about Iran's support for terrorist groups, such as Hezbollah, which may pose risks for the rising numbers of Chinese nationals in the Middle East. Beijing would have no incentive to encourage or support a more bellicose Iranian

foreign policy, even if Tehran is no longer on the road to a nuclear weapon.

How Relations Will Remain Limited

Since the JCPOA will not remove several enduring constraints on Sino-Iranian relations, it is unlikely that the two countries will develop a close geopolitical alignment. China will not, for instance, overtly or even tacitly support Iran's desire to build a Shia sphere of influence in the Middle East, nor will Beijing side with Tehran in the latter's ongoing political disputes with Riyadh, Tel Aviv, or Baghdad.⁵⁰ China's continued regional balancing act was on display in advance of Xi Jinping's visit to Iran in January 2016, in which Beijing balanced closer ties with Tehran with improved relations with Arab states. Specific steps included establishing a formal "strategic partnership" with Iraq in December 2015; releasing a formal policy paper on China-Arab relations;⁵¹ upgrading Sino-Saudi relations to a "comprehensive strategic partnership," keeping that relationship on the same diplomatic level as Sino-Iranian ties;⁵² and including both Saudi Arabia and Egypt on the itinerary for Xi's visit. In addition, China characteristically refused to take sides in the intensification of sectarian tensions between Saudi Arabia and Iran that followed Riyadh's execution of a Shiite cleric in January 2016.⁵³

China is also unlikely to pursue two other types of arrangements with Iran. First, the two will not establish a Western-style military alliance. China has long conducted an independent foreign policy that generally eschews alliance commitments, maintaining a formal mutual defense treaty only with North Korea. It does not have alliances with states with which Beijing maintains closer relations than it does with Iran, such as Pakistan and Russia, raising the question of why it would offer Tehran security assurances. China has also frequently dismissed the notion that it would intervene militarily in a Middle East dispute, and it likely does not possess the capability to do so even if it had such a desire.⁵⁴ Instead, China would work to avoid the perception of an alliance

with Iran since it would needlessly complicate its relations with other partners in the region, such as Saudi Arabia and Israel.

Second, China is unlikely to forge a comprehensive anti-American political alignment with Iran. To be sure, China and Iran are both ideologically inclined to oppose what they regard as U.S. hegemonic ambitions and support the idea of a more multipolar world order.⁵⁵ Commitment to these principles stretches as far back as the Bandung Conference of 1955, in which China and Iran joined dozens of other countries to promote sovereignty and oppose the meddling of superpowers in regional affairs. Most recently, Beijing and Tehran called for Asia to be free from U.S. interference as part of a regional security summit held in Shanghai in 2014.⁵⁶ The two countries also share grievances over aspects of U.S. foreign policy, such as unilateral U.S. sanctions (to which both countries have been subject) and criticism of other states' human rights practices.⁵⁷

Despite this ideological affinity, China is unlikely to work with Iran to undermine U.S. foreign policy in the region. One reason is that, as suggested above, China simply has more at stake in its relations with the United States than it does with Iran. It is unlikely that Beijing would jeopardize its significant economic and political partnership with Washington for the sake of pursuing an anti-U.S. partnership with Iran. Moreover, China has no qualms with much of the U.S. diplomatic agenda in the Middle East and in fact shares similar goals on many issues, such as bringing peace to Syria, opposing al Qaeda and the Islamic State of Iraq and the Levant, safeguarding vital sea lanes, countering nuclear proliferation, and, above all, ensuring regional stability. Consequently, Beijing would probably find that it has little to gain, and much to lose, by coordinating with Tehran to undercut U.S. policy in the region.

A Cause for Concern: Arms Sales

In some respects, a stronger China-Iran partnership would have only minor implications for the United States. Economically, U.S. and Chinese firms are unlikely to compete since the U.S. embargo on Iran remains intact.

An exception may be in the aviation sector, in which the JCPOA creates limited openings for U.S. companies to sell commercial aircraft and parts to Iran.⁵⁸ But U.S. companies, such as Boeing, are more likely to compete with those from Europe than from China.⁵⁹ Diplomatically, just as it does sometimes with Russia and other states, China may work with Iran to oppose U.S. foreign policy goals on select issues such as human rights and unilateral sanctions, though it is unlikely to form a comprehensive anti-American alignment with Tehran.

A more complex and dangerous challenge for the United States could lie in enhanced Sino-Iranian military cooperation.⁶⁰ In this respect, it is necessary to understand the historical context. In the 1980s and early 1990s, China and Iran developed significant arms sector cooperation, with China supplying Iran with advanced fighter aircraft, tanks, radars, cruise missiles, fast attack patrol craft, and other weapons. Many of these systems were employed by Iran in its 1980–1988 war with Iraq. John Garver argues that China was not only driven by profit considerations, but also sought to build Iran into a capable bulwark against U.S. regional hegemony. This was evident in China's sales of weapons that could target U.S. forces, such as anti-ship missiles. However, Garver also notes that China had to balance its arms sales against the continued need to maintain positive ties with Washington, a factor that limited Chinese assistance in the nuclear and ballistic missile fields.⁶¹

Chinese military cooperation with Iran declined in the 2000s, coinciding with international concern over Iran's evolving nuclear program and the imposition of UN sanctions. Resolutions adopted in the UNSC with China's support prohibited cooperation with Iran's nuclear and ballistic missile industries and were expanded in 2010 with a resolution imposing an embargo on exports of major conventional weapons to Iran. These included tanks, large-caliber artillery systems, combat aircraft, certain naval ships, and missiles with a maximum range of at least 25 kilometers.⁶² The resolution also imposed sanctions on a variety of Iranian military officials, arms firms, and financial institutions. This effectively ruled out

significant Chinese support for the IRGC. High-level military interactions, which were held frequently in the 1980s and 1990s, dissipated in the 2000s but have picked up in the last few years.⁶³

The JCPOA would permit a resumption of Chinese arms exports to Iran by lifting the UN arms embargo. As noted above, UNSC approval would be required for the transfer for major conventional weapons for 8 years, though China could attempt to secure waivers as a permanent member of the Security Council.⁶⁴ The table on the following page identifies how the nuclear deal would affect sales of the systems supplied by China to Iran in the decade prior to the imposition of the 2010 sanctions. In general, renewed sales of most of these systems would require UNSC approval, though provision of short-range missiles such as the FL-8 would likely be permitted without a waiver.

China may also provide Iran with more advanced weapons. For instance, China could transfer advanced cruise missiles or technical expertise that could enable Iran to improve its domestic production of anti-ship or land attack cruise missiles.⁶⁵ Chinese media has also speculated over potential sales of J-10 Firebird fighter aircraft to Iran.⁶⁶ Another system could be the *Houbei*-class fast attack missile boat, which China plans to sell to Pakistan.⁶⁷ This could be a logical choice, given recent positive trends in the development of China-Iran navy-to-navy relations.⁶⁸ China could also enhance its cooperation with Iran in areas such as unmanned aircraft systems, space or counterspace systems, missile defense components, or electronic warfare capabilities. However, sales of most, if not all, of these systems would require a UNSC waiver for the first 8 years of the JCPOA.

Even a limited resumption of Chinese arms sales to Iran could have significant negative implications for the United States. In particular, Chinese weapons could exacerbate antiaccess/area-denial (A2/AD) threats posed by Iran. This refers to Tehran's ability to forestall or complicate U.S. military intervention in the event of a crisis.⁶⁹ China would be in a strong position to assist Iran in developing its A2/AD systems,

Table. Chinese Arms Sales and JCPOA Impact

System	Description	Range	Years of Deliveries	Sales Under JCPOA
C-802	Anti-ship missile	120 km	1994–2012	Requires UNSC approval for first 8 years; no restrictions thereafter
Type-86	APC	N/A	1997–2011	Requires UNSC approval for first 8 years; no restrictions thereafter
TL-10/FL-8	Anti-ship missile	18 km	2002	Permitted (maximum range under 25 km)
C-704	Anti-ship missile	45 km	2003	Requires UNSC approval for first 8 years; no restrictions thereafter
C-801	Anti-ship missile	40 km	2004	Requires UNSC approval for first 8 years; no restrictions thereafter
QW-11	Portable surface-to-air missile	5 km	2005	Requires UNSC approval for first 8 years; no restrictions thereafter

Sources: SIPRI Arms Transfer Database, available at <www.sipri.org/databases/armstransfers>; Jane's Online, available at <<https://janes.ihs.com>>.

since Beijing has also concentrated on developing the capabilities needed to challenge U.S. intervening forces, notably in the context of a crisis in the Taiwan Strait.⁷⁰ For instance, more advanced anti-ship cruise missiles or fast attack missile boats could allow the IRGC to pose greater threats to U.S. naval forces transiting the Strait of Hormuz. Stronger capabilities could also encourage Iran to carry out more provocative exercises explicitly targeting U.S. forces. In February 2015, Iranian forces destroyed a mock U.S. aircraft carrier, while in December 2015, Iran test-fired a missile within 1,500 yards of the carrier USS *Harry S. Truman* in the Strait of Hormuz.⁷¹ Chinese support could lead to a continuation or expansion of such activities.

Iran could also leverage Chinese assistance to produce missiles that could strike more distant U.S. targets, such as military facilities on the island of Diego Garcia.⁷² China has pledged to adhere to Missile Technology Control Regime guidelines limiting transfer of components and technologies that can be used in long-range ballistic and cruise missiles, but its compliance with its commitments has sometimes been problematic.⁷³

Another challenge would lie in the potential proliferation risks associated with greater Iranian access to Chinese arms. Tehran could attempt to re-export weapons to other states, especially the Bashar Assad regime in

Syria, which could in turn employ them against U.S. or coalition forces. Iran could also transfer arms to terrorist groups, such as Hezbollah in Lebanon or Hamas in the Palestinian territories, which may use them against both military and civilian targets.⁷⁴ Likewise, Tehran could provide Chinese-made arms to Shi'ite militias in Iraq that have sought to undermine the pro-American prime minister, Haider al-Abadi.⁷⁵ Any of these outcomes could prove to be politically and militarily destabilizing for the region.

To be sure, China's leaders would face a difficult choice in deciding whether, and to what extent, to revive the arms relationship with Iran. On one hand, Chinese foreign ministry officials would likely argue against a significant resumption of arms sales, since this could needlessly complicate China's relations with the United States and regional states, such as Israel, Saudi Arabia, and Turkey. On the other hand, the People's Liberation Army and Chinese arms manufacturers could lobby in favor of arms sales. As in the past, some Chinese military strategists could see arms exports as a way to enable Iran to more effectively counter U.S. "hegemony" in the region. For their part, Chinese arms traders could simply desire not to lose an important market opportunity, and to retain China's position as one of the world's top arms

exporters.⁷⁶ Ultimately, the latter arguments could prove persuasive to Chinese decisionmakers.

The United States should actively work to mitigate these risks. To start, Washington should work with allies such as Britain and France in the UNSC to deny waivers for sales of major conventional weapons to Iran in the first 8 years of the nuclear agreement. Second, the United States should vigorously enforce remaining sanctions on Iran, which could involve penalties against Chinese firms found to be in violation of the Iran Sanctions Act and the Iran Threat Reduction and Syria Human Rights Act.⁷⁷ Moreover, the United States should encourage China to avoid sales of advanced weapons to Iran, including those that could allow Iran to increase its ability to threaten maritime traffic in the Strait of Hormuz. The argument should be that such sales could embolden Iran to conduct a more brazen foreign policy, which could endanger the reliability of Chinese oil supplies and threaten China's broader interest in regional stability. Washington should also encourage its regional partners, including Israel, Saudi Arabia, and Turkey, to make similar appeals to Beijing.

Conclusion

Despite the nuclear deal, China and Iran are probably destined to remain fair-weather friends, even if they have established a formal "comprehensive strategic partnership." China's economic, political, and strategic interests are too complex and self-contradictory to permit a close alignment with Iran. Yet even a limited expansion of Sino-Iranian relations could pose problems for the United States, especially in the military domain. Iran should remain a key topic in high-level U.S.-China discussions, not only in the most obvious sense of scrutinizing Iran's compliance with the JCPOA, but also in the more subtle arena of dissuading Beijing from significantly expanding its military relationship with Tehran. Failure to do so could precipitate a range of serious challenges for U.S. forces in the region.

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Notes

¹ For details, see *Joint Comprehensive Plan of Action* (Washington, DC: Department of State, 2015), available at <www.state.gov/e/eb/tfs/spi/iran/jcpoa/>.

² Michael Singh, "The Sino-Iranian Tango: Why the Nuclear Deal is Good for China," *Foreign Affairs*, July 21, 2015, available at <www.foreignaffairs.com/articles/china/2015-07-21/sino-iranian-tango>; Elizabeth Rosenberg and Alexander Sullivan, "Why China Likes the Iran Deal," *CNN.com*, July 31, 2015, available at <www.cnn.com/2015/07/31/opinions/rosenberg-sullivan-china-iran-deal/>; Brian Spegele, "Oil-Thirsty China a Winner in Iran Deal," *Wall Street Journal*, July 14, 2015, available at <www.wsj.com/articles/oil-thirsty-china-a-winner-in-iran-deal-1436909582>. The notion that China is seeking to forge a strategic alignment with Iran to oppose the United States is not new. For earlier explications of this argument, see John Garver, *China and Iran: Ancient Partners in a Post-Imperial World* (Seattle: University of Washington Press, 2006); and Christina Lin, "China, Iran, and North Korea: A Triangular Strategic Alliance," *MERIA* 14, no. 1 (March 5, 2010), available at <www.rubincenter.org/2010/03/lin-2010-03-05/>.

³ See, for example, Scott W. Harold, "Opportunistic Cooperation Under Constraints: Non-Proliferation, Energy Trade, and the Evolution of Chinese Policy towards Iran," *Chinese Journal of International Politics* 8, no. 1 (November 2014), 59–88; Scott W. Harold and Alireza Nader, *China and Iran: Economic, Political, and Military Relations* (Santa Monica, CA: RAND, 2012); Marybeth Davis et al., *China-Iran: A Limited Partnership* (Washington, DC: U.S.-China Economic and Security Review Commission, 2012).

⁴ U.S. Energy Information Administration (EIA), *China: International Energy Data and Analysis* (Washington, DC: EIA, May 14, 2015), available at <www.eia.gov/beta/international/analysis.cfm?iso=CHN>.

⁵ United Nations Commodity Trade Statistics Database, available at <<http://comtrade.un.org/db/>>.

⁶ "Xi Jinping Meets with President Hasan Rouhani of Iran," Ministry of Foreign Affairs of the People's Republic of China, September 29, 2015, available at <www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1304150.shtml>.

⁷ Joel Wuthnow, "China-Iran Military Relations at a Crossroads," *China Brief* 15, no. 3, (February 4, 2015), available at <www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=43497&tx_ttnews%5BbackPid%5D=25&cHash=eab6f925192bbcb63ca3ebc4ec16eeef#.VoqHS_nR_RY>.

⁸ Erica Downs and Suzanne Maloney, "Getting China to Sanction Iran: The Chinese-Iranian Oil Connection," *Foreign Affairs* 90, no. 2 (March–April 2011), 15–21.

⁹ See Joel Wuthnow, *Chinese Diplomacy and the UN Security Council* (New York: Routledge, 2013), 75–94.

¹⁰ Wuthnow, "China-Iran Military Relations at a Crossroads."

¹¹ Peter Mackenzie, *A Closer Look at China-Iran Relations* (Alexandria, VA: CNA, 2010), 4.

¹² European Union (EU) sanctions are also set to be lifted, but these only apply to EU persons and firms.

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